

DEVELOPING RESEARCH AND DEMONSTRATION PROJECTS  
AN INFORMATIONAL GUIDE

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## **Legal Authority**

The authority for personnel management research programs and demonstration projects was first established under Title VI of the Civil Service Reform Act of 1978 and was subsequently codified under chapter 47 of title 5, United States Code.

### **Definitions**

A demonstration project is a project conducted by the Office of Personnel Management (OPM), or under its supervision, to determine whether a specified change in personnel management procedures or policies would result in improved Federal personnel management. Such a project requires the waiver of a provision of law, rule, or regulation which is eligible for waiver under the demonstration authority contained in 5 U.S.C. 4703.

A research program can be undertaken within the scope of existing law. In this context "research" refers to the systematic study of the manner in which public management policies and systems are operating, or have operated, the effects of those policies and systems, the possibilities for change, and comparisons among policies and systems.

### **OPM Authority**

Chapter 47 provides OPM with the authority to:

- (1) **establish and maintain, and assist in the establishment and maintenance of research programs to study improved methods and technologies in Federal personnel management;**

- (2) conduct demonstration projects to determine whether a specified change in personnel management policies or procedures could result in improved Federal personnel management;
- (3) evaluate these research and demonstration projects;
- (4) establish and maintain a program for the collection and public dissemination of information relating to personnel management research; and
- (5) carry out the preceding functions directly or through agreement or contract with one or more agencies and other public and private organizations.

The following requirements and guidelines apply to the development of demonstration project proposals. **Research projects should follow similar design guidelines but are not subject to the legal requirements outlined here.**

Laws which may be waived

In order to test new and innovative ideas, OPM can exempt test agencies during the experimental period from existing title 5 laws, rules and regulations.

These include but are not limited to:

- (a) the methods of establishing qualification requirements for, recruitment for, and appointment to positions;

- (b) the methods of classifying positions and compensating employees;
- (c) the methods of assigning, reassigning, or promoting employees;
- (d) the methods of disciplining employees;
- (e) the methods of providing incentives to employees, including the provision of group or individual incentive bonuses or pay;
- (f) the hours of work per day or week;
- (g) the methods of involving employees, labor organizations, and employee organizations in personnel decisions; and
- (h) the methods of reducing overall agency staff and grade levels.

Laws which may not be waived

OPM cannot waive title 5 laws, rules and regulations or any provisions relating to:

- (a) Leave: annual, sick, and other paid leave (chapter 63, title 5, U.S.C.).
- (b) Employee benefits: compensation for work injuries, retirement, unemployment compensation, and life and health insurance (subpart G, which includes chapters 81 through 89 of title 5,

U.S.C.).

- (c) Statutory or regulatory prohibitions of discrimination (5 U.S.C. 2302(b)(1)) on the basis of: race, color, religion, sex or national origin (under the Civil Rights Act of 1964); on the basis of age (under the Age Discrimination Employment Act of 1967); on the basis of sex (under the Fair Labor Standards Act of 1938); on the basis of handicapping condition (under the Rehabilitation Act of 1973); or on the basis of marital status or political affiliation.
- (d) Any provisions of law ~~implementing~~ Sec. 2302(b)(1) by providing for equal employment opportunity through affirmative action; or providing any right or remedy available to any employee or applicant for employment in the civil service.
- (e) Limits set on political activities of certain state and local employees and on that of Federal employees (chapter 15, subchapter III of chapter 73, title 5 U.S.C.).

- (f) Policy which, if waived, would create inconsistency with merit system principles or with provisions relating to prohibited personnel practices. The merit system principles and prohibited personnel practices are identified in chapter 23, title 5, U.S.C.

### **Other Statutory Limitations and Requirements**

#### Number of Employees

A demonstration project cannot involve more than 5,000 individuals other than individuals in any control group necessary to validate the results of the project.

#### Duration of Experiment

The experimentation phase of a demonstration project cannot last more than 5 years after the implementation date. However, a project extension may be requested to continue beyond that date to validate the results of the project. (See page 16, Project Modification and Extension, for more information.)

#### Number of Experiments

Not more than 10 active demonstration projects may be in effect at any time.

#### Union Representation

Employees within a unit for which a labor organization is accorded exclusive recognition under chapter 71 cannot be included within any project if:

- ° the project would violate a collective bargaining agreement between the agency and the labor organization, unless there is another written agreement with respect to the project between the agency and the organization permitting the inclusion; or
- ° the project is not covered by such a collective bargaining agreement, until there has been consultation or negotiation, as appropriate, by the agency with the labor organization.

Employees within any unit with respect to which a labor organization has not been accorded exclusive recognition cannot be included in a project unless there has been agency consultation regarding the project with the employees in the unit.

#### Termination of Demonstration Projects

If OPM or the agency determines that an experiment is creating a substantial hardship on, or is not in the best interest of, the public, the Federal government, employees or eligibles, even though the experiment is being conducted properly, OPM or the agency may jointly or individually terminate the project.

#### **Submission of Demonstration Project Proposals**

OPM will accept project proposals at any time but may delay action for a reasonable amount of time on submitted proposals until comparisons can be made with other existing projects or with project proposals of a similar nature. A proposal cannot be considered for approval unless the demonstration idea has been translated into a formal proposal by an agency's headquarters.



### Technical Resource Requirements

The plan for a demonstration project ultimately has to be submitted in the form of a research proposal. This means that the proposed ideas have to be testable and that measurable outcomes have to be identified. Because of the high level of expertise required to design and develop a methodologically sound proposal, it is important that agencies include in their project team, as early as possible, an experienced researcher trained in the design and evaluation of organizational interventions. If such expertise is not available, an agency may wish to consider hiring an outside consultant. This individual will have to work closely with all project team members during the project development phase. Consulting with a measurement expert in the early stages of a project will prevent the pursuit of ill-defined concepts and save time and money in the long run.

The composition of each project team should generally reflect expertise in the subject matter of the proposal. For instance, if changes in performance appraisal or compensation are considered, experts in these areas are needed. No one is an expert in all areas of personnel management. Team work is the key to a successful proposal, especially when an attempt is made to change more than one aspect of the personnel management system.

### Concept Paper

Agencies are encouraged to contact OPM at an early stage to talk over their plans. It is suggested, but not required, that agencies interested in submitting a proposal first prepare a brief concept paper (rather than develop a detailed project plan) describing the proposed project and send it to OPM.

The concept paper provides OPM with information to evaluate the idea's potential as a demonstration project. The paper should contain the following:

- (1) a description of the problem/proposed improvements;
- (2) the objectives of the project;
- (3) the personnel system changes proposed to solve the problem or ideas to be tested;
- (4) a description of the expected benefits to be derived from the project;
- (5) the laws, regulations, or other authorities which prevent the agency from conducting the experiment;
- (6) a list of the demonstration sites;
- (7) the number and kinds of employees who will be affected; and
- (8) the anticipated costs and an identification of who will bear them.

One of the most critical issues in a concept paper is whether the proposed solutions match the problems and/or objectives identified. Although concept papers do not require detailed explanations of methods for carrying out the proposed interventions, the agency must provide adequate background information to permit OPM to judge the merits and probability of success of the proposal. Data-based evidence, such as statistics on recruitment and turnover problems, will be more convincing than anecdotal evidence. If necessary, OPM may assist the agency in conducting an organizational diagnosis. OPM will also evaluate the agency's management information systems to determine whether adequate data bases exist to support the necessary evaluation of the proposed experiment.

During the concept development phase, OPM may also conduct site visits to obtain information first-hand and conduct additional information-gathering meetings with project staff to obtain answers to questions raised by the proposal. At the end of this process a concept paper should be finalized and formally submitted to OPM. Final approval of the concept paper will be based on information submitted during the concept development phase and not only the information submitted in the paper. If an agency has conducted its own organizational diagnosis prior to developing the concept paper, OPM approval may be given more quickly.

#### Evaluation and Screening of Proposal

All proposals will be given careful consideration, but each proposal or concept paper will first be screened to determine whether it:

- ° has been submitted by an agency headquarters;
- ° deals with a subject eligible for demonstration under the law; and
- ° provides the information required by OPM.

OPM will then evaluate the concept paper, or project plan, to determine whether the proposal:

- (1) modifies existing personnel management systems or develops new systems which improve the management of the Federal Government's human resources;
- (2) seeks solutions to personnel management problems;
- (3) develops new knowledge, techniques, and materials about personnel management;
- (4) provides a factual base to support existing or proposed changes in

personnel management policies, techniques and materials;

(5) develops new methods or systems to simplify existing systems;

(6) proposes systems and solutions that are applicable to other government agencies.

All proposals will be reviewed by OPM's Research and Demonstration Division who will coordinate further reviews with appropriate OPM program offices.

#### OPM Actions

After review of a proposal OPM may:

- (1) approve the concept,
- (2) disapprove the concept, or
- (3) recommend revisions and resubmission.

#### Demonstration Project Plan

Following approval of the concept, agencies must submit a project proposal to OPM for approval. OPM staff will assist the agency, when needed, in resolving technical, policy, and evaluation issues and in other aspects of preparing the plan. OPM may also suggest broadening the proposal to test additional ideas. Since each project is proposed in a research context, the plan must include a research design which meets rigorous evaluation criteria. The proposal should be presented in the following format:

- (1) Executive Summary
- (2) Introduction stating

- (a) The purpose or measurable goals of the project, and the systems or techniques to be tested or description of the problem being addressed;
  - (b) the anticipated benefits to be derived from the project;
  - (c) participating organizations, i.e., demonstration sites, including, if appropriate, control sites; and
  - (d) the types and numbers of employees or eligibles who will be affected by or will participate in the project, categorized by occupational series, grade, organizational units, and other clarifying identifiers.
- (3) The methodology for carrying out the project, including the proposed changes (interventions) to be made in the policy/program areas selected for testing, and expectations about how the proposed changes will meet the stated goals. Reasons for expected improvements can be theoretical or operational. The proposal may state how the proposed intervention is consistent with accepted theory, or how the proposed intervention is more consistent with sound management and/or efficient or effective operation than current practices.
- (4) A description of any training to be provided as part of the project.
- (5) An itemization of all costs and benefits associated with the project, to the agency, the Government, and the community.
- (6) A citation of the authorities and waivers of law and regulation required.

- (7) The duration of the project, separately stating the time and resources necessary to develop interventions for implementation, the length of the project's active stage, and that of any subsequent evaluation period.
- (8) An evaluation plan describing the data collection and analysis procedures to be used to assess the success or failure of the project both qualitatively and quantitatively.

#### Evaluation Plan

Demonstration projects permit the testing of alternative personnel management concepts in controlled situations to determine the likely effects and ramifications of proposed changes before putting them into general effect. Therefore, the evaluation component of the project plan is critical. Without a good evaluation plan it will be impossible to measure the impact of project results against stated objectives to determine whether or not permanent changes in law and/or regulation should be considered or proposed.

The statute requires that OPM provide for an evaluation of the results of each demonstration project (5 U.S.C. 4703(h)). However, since OPM has never been funded for the conduct of demonstration projects, agencies must assume responsibility for this function, which can be carried out directly or, preferably, through agreement or contract with a qualified third party. OPM will review all project evaluation efforts, may conduct evaluations of its own on a sample basis to verify results, and may report its own conclusions. OPM may also act as the sole external evaluator.

Agencies are required by 5 U.S.C. 4703(i) to cooperate in all evaluation efforts and to provide OPM with requested information and reports relating to their demonstration project or projects.

Evaluation plans should contain the following elements:

- (1) Brief description of project and rationale
- (2) Research Design
  - ° Model
  - ° Interventions
  - ° Expected Effects
  - ° Measures
  - ° Data Sources
- (3) Procedures
  - ° Sampling plans
  - ° Methods/Instruments
  - ° Proposed Analyses
  - ° Reports

### **Project Approval and Implementation**

OPM will grant tentative project approval after OPM and agency staffs have reached agreement on a mutually acceptable project plan.

### **Notification Responsibilities**

Prior to final approval the following steps are required by 5 U.S.C. 4703:

- (1) OPM publishes the project plan in the Federal Register with a 60-day comment period and at the same time notifies each House of the

Congress at least 180 days before the project is scheduled to begin.

- (2) The statute requires that OPM provide for notification of the proposed project to employees at least 180 days before it is scheduled to begin. Since agencies can more efficiently identify and contact affected employees, they are required to certify to OPM in writing when and how the statutory notification requirements were carried out and document the manner in which they insured that all affected employees were notified.
- (3) Agencies must distribute a similar written notification to labor organizations affected by the proposed project at least 180 days before the project is scheduled to begin.
- (4) In addition to employee and labor organization notification, agencies must consult or negotiate, as appropriate, with exclusively recognized labor organizations as required by 5 U.S.C. 4703 (f), or consult with employees as required by section 4703 (g) in units where no labor organization has been accorded exclusive recognition.

#### Public Hearing

OPM holds a public hearing prior to the preparation of the final version of the project plan during which all agencies participating in the proposed project, affected employees and labor organizations, and other persons and groups may present their views and comments.



### Final Project Approval and Publication

OPM will consider all timely, relevant, oral and written views, arguments and data before final approval or disapproval of a project plan. OPM may request that the agency modify the tentatively approved project plan before final approval because of comments and data received from the Congress, the public, labor organizations, and affected employees.

An agency may not implement the project until all required consultation or negotiation has been completed, including the conclusion of impasse resolution and negotiability disputes. OPM then publishes the final version of the project plan in the Federal Register and provides copies to each House of Congress at least 90 days in advance of the date the project is to take effect.

Agencies involved in the project must communicate the contents of the final plan to:

- (1) Labor organizations and affected employees, and
- (2) Individuals and groups known to be interested in the project's activities.

Once these requirements have been met and final OPM approval has been received, agencies may start implementing the demonstration project and begin evaluation activities as provided in the project plan.

Project Modification and Extension

Project provisions cannot be modified, duplicated or extended by agencies to individuals or groups of employees not included in the project plan without the approval of OPM. A project plan may be modified with the mutual consent of OPM and involved agencies to correct any oversight or adjust to changed conditions. OPM will inform the agency of notification responsibilities. The extent of notification requirements will depend on the nature of the requested project modification.